

TO THE HONORABLE UNITED STATES BANKTRUPCY COURT FOR PUERTO RICO

**IN THE MATTER OF: PALMAS COUNTRY CLUB INC., DEBTOR, CHAPTER 11,
CASE NO. 10-07072(ESL)**

- 1- The undersigned is a Palmas del Mar homeowner, member of the not-for-profit corporation Palmas del Mar Homeowners Association (PHA), and past president of the Shell Castle Club Homeownwers Association in Palmas del Mar. THIS IS PRESENTED ONLY FOR INFORMATION OF THE COURT so that it has available as much information as possible to reach the best possible decision.
- 2- PHA is the ONLY legal representative of ALL Palmas del Mar Homeowners. All 3,000 Palmas owners belong to PHA. Only about 800 owners ever showed interest in, and joined, the bankrupt businesses.
- 3- PHA is prohibited by its Certificate of Incorporation to have ANY interest in any BUSINESS enterprise, including promoting, acquiring or transferring assets, guaranteeing loans, acquiring debts, etc..
- 4- PHA acts outside of its legal prerogatives if it uses member's funds (in the form of disbursements or services) to further the interests of private investors in a business enterprise.
- 5- PHA has never consulted "the community" about this matter and thus cannot speak about this issue on its behalf. The current president called a meeting of all the regimes' presidents about this matter and no agreement could be reached due to strong opposition to PHA becoming involved in this matter.
- 6- The assertion that owners have lost or will lose property values because these private businesses failed (used to urge the Court to take precipitated action), has never been supported scientifically and is pure speculation. There is no study that establishes a valid correlation between property values and the close of these private businesses. Values were severely depressed long before the failure of these businesses due to the three year old recession/depression. If the golf course were to return to raw-land status it will just return to its natural state, the same as most other plots bordering all of Palmas Drive. Before the construction of the golf course those plots were raw, natural land and the property prices were at its peak.
- 7- A form circulated by interested private parties intends to convey to the Court, by the mentioning PHA, that all Palmas owners support bailing out the failed private businesses. It is merely personal opinion of voluntary signers that represent about 10% of all members.
- 8- The Palmas Athletic Corporation (PAC) is a private corporation formed a few months ago by about 10 private, individual members/shareholders/investors who are interested in acquiring the banrupt businesses. PAC does not represent the 3,000 Palmas homeowners.
- 9- If the facilities are transferred to PAC, income for its operation is to be derived by the speculative sale of services and not by member's contributions. This sales may result in a profit or loss like in any ordinary business and the possible generation of substantial liabilities.
- 10- That continuous mention of the "community" is intended to convey that the interests of PAC are those of PHA.

For the reasons stated above, the undersigned, requests that the Honorable Court considers that:

- 1- the sale of the assets of the debtor produce the maximum resources possible to pay the creditors.
- 2- PAC represents itself and its owners and competes like any potential buyer for the debtor's assets and shows it has the capital and the experience to run these businesses successfully for the benefit of creditors,
- 3- that PHA is not a party to any business transaction as required by its Certificate of Incorporation.
- 4- that no representation by PHA on behalf of the "community" is acknowledged by the Court.

Juan Cruz Ricart
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